

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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In the Matter of)
)
Amendment of the Commission's)
Rules to Establish New)
Personal Communications Services)

Federal Communications Commission
Office of the Secretary

GEN Docket No. 90-314
ET Docket No. 92-100

ORIGINAL
FILE

To: The Commission

COMMENTS

Point Communications Company ("Point") hereby comments on the Commission's July 16, 1992 Notice of Proposed Rulemaking to establish new Personal Communications Services ("PCS").

Point's Interest

Point is the operator of the nonwireline cellular radio system serving the Oregon-4 rural service area ("RSA"). Point is independently owned and operated and is a pioneer in the provision of cellular service to the rural areas. Its system commenced operation in mid 1990 and was among the first independently owned and operated nonwireline RSA systems on the air in the country. Point sped coverage to many isolated rural areas, especially along the coastline, which never expected to see service so quickly.

Point submits these comments from the point of view of an entrepreneurial company which, at great financial risk to itself, successfully brought large investments, many new jobs, local customer service, and vigorous competition to a rural area that would not otherwise have had any job growth from cellular if its RSA had been folded into a larger

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regional or national system. Point views the PCS proposal not as a threat, but rather as a significant opportunity for it to grow by enlarging the scope and area of its service offerings.

Specific Suggestions

Point urges the Commission to fashion its rules to encourage, rather than disqualify, entrepreneurial participation in PCS. To this end, Point suggests:

Licensing areas for PCS should match the MSA and RSA boundaries employed for cellular. Licensing on any other basis, such as national or large trading regions, would result in many rural and low density areas being neglected by large licensees. Their attention and capital would be preoccupied with the large urban areas, as presently happens in many cellular supersystems. When a licensee has a nation or large region to serve and an investment budget, it is difficult to justify building a transmitter site in a rural area when the same investment in a new site in a city can generate many times the usage and much higher revenues. To facilitate the universal spread of PCS, licensees should be responsible for more compact areas, such as MSA's and RSA's, and should have strict construction timetables enforced by automatic termination of PCS permits in the event of a failure to construct promptly.

Cellular operating companies which have a record of providing new communications services without selling out should be provided with a "Job-Creators" preference in PCS licensing. This would tend to put the licenses in the hands of those who are the most likely to develop the PCS service and to bring jobs to our economy. It would lessen the risk that the licenses would fall into the hands of mere speculators. If an auction is employed for licensing instead of a lottery, then the Job-Creators preference for small companies should

take the form of a credit and lenient installment terms for the payment of the auction price. Otherwise, competent smaller companies will be shut out of this new technology by the purchasing power of huge conglomerates.

Cellular companies, particularly small companies in RSA's, should not be excluded from participation in PCS. This new service will be a major opportunity for such companies to expand the scope and area of their service offerings. If PCS is ever to be success, the entrepreneurial vigor and experience of successful small cellular companies should be welcomed, not excluded. Under no circumstance should such companies be excluded from PCS outside their present cellular service area. No legitimate concern for competition could justify so draconian a measure.

If the Commission is inclined to exclude cellular operators from PCS licenses in their own cellular service areas, then there should be an exception for non-MSA companies serving RSA's, particularly if the PCS licensing area is national or regional in scope. In this case, the RSA would be only a small part of the licensing area and the RSA operator would have little or no market power in the overall licensing region. If the PCS licensing area is the same as the RSA, as is urged above, then there still should be an exception for the RSA cellular operator because rural areas are not economically large enough to attract or support a full compliment of PCS competitors and because the existing RSA operators have the presence and proven track record of introducing new technology into their markets.

Indeed, if anything, a PCS allocation should be made available in each MSA and RSA for each of the two cellular operators in the market. Additional spectrum is sorely needed by cellular operators in order to expand their service offerings to PCS type services. These operators complied in good faith with the Commission's mandate to establish service

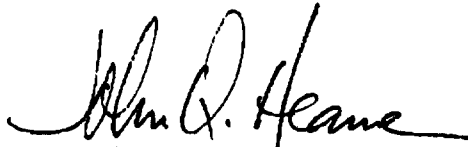
nationwide as quickly as possible using an analog standard which the Commission knew was spectrally inefficient at the time it was adopted. In the largest urban areas, many operators are at or near the theoretical capacity of their analog systems. While the conversion to digital will help, very little unused spectrum is left to convert.

This spectrum shortfall is not confined to the metropolitan systems. An RSA system which is adjacent to a metropolitan system often has a limited number of channels available because channels already in use in the adjacent metropolitan system cannot be reused at the desired power in the RSA system due to the mileage separation requirements for channel reuse. RSA cellular carriers should not be stunted in their growth just because of the success of neighboring systems in serving the public.

Accordingly, Point urges the Commission to adopt these and other appropriate measures to encourage competent entrepreneurial participation in PCS.

Respectfully submitted,

POINT COMMUNICATIONS COMPANY

A handwritten signature in dark ink, appearing to read "John Q. Hearne", written over a horizontal line.

John Q. Hearne, Chairman

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